RECENT CASES.

ADVERSE POSSESSION — WHAT CONSTITUTES — CLAIM OF LEASEHOLD. — Under a void lease for a term of 99 years from the plaintiffs, the defendant was in possession during the period of the Statute of Limitations. *Held*, that he cannot be ousted until the end of the 99 years. *Warren Co.* v. *Lamkin*, 46 So. 497 (Miss.). See NOTES, p. 138.

BANKRUPTCY — PREFERENCES — EFFECT OF CLEARING HOUSE RULES. — The A bank, of the New York Clearing House, made clearances for the B bank, a non-member, under a contract in which the clearing house rules were incorporated. Those rules provided that such an agreement between a member and a non-member should not be terminated without one day's notice. The B bank became bankrupt, but checks on it presented through the clearing house the next day were paid by the A bank according to the agreement. Both the A bank and the drawers of these checks had notice of the bankruptcy. The A bank reimbursed itself from the funds of the B bank deposited as security at the time of the agreement. The receiver of the B bank brought suit to recover this amount from the A bank. *Held*, that he cannot recover. *Davenport* v. *National Bank of Commerce*, 112 N. Y. Supp. 291.

In general a payment from the assets of an insolvent to particular creditors after or within four months before bankruptcy is improper, and may be set aside by the trustee. *Chism* v. *Bank of Friars Point*, 5 Am. B. R. 56. But this rule does not apply where the payment is made for value. *Cook* v. *Tullis*, 18 Wall. (U. S.) 332. And a creditor who has previously obtained security may realize on it within the four months period. *In re Little*, 110 Fed. 621. Likewise it seems that a person who, previously to the insolvency, has obtained security for payments which he then contracted to make for the bankrupt should be protected, even if, by the previous contract, he is obliged to make such payments immediately before or after the bankruptcy. *Ryttenberg* v. *Schefer*, 131 Fed. 313. It has been held, moreover, on facts substantially the same as those in the principal case, that the tripartite agreement between the two banks and the clearing house was valid so that the member bank was bound to pay checks on the non-member presented through the clearing house the day after the non-member's bankruptcy, and was therefore entitled to reimburse itself from the securities it held. *O'Brien* v. *Grant*, 146 N. Y. 163.

BANKRUPTCY — PRIORITY OF CLAIMS — WATER RENTS ENTITLED TO PRIORITY AS TAXES. — The trustees of a bankrupt mortgagor of realty took possession of the premises and collected rents for about a year. While they were in possession the city levied water rents, and by statute such rents were made a lien on the property. The mortgagee bought the property at foreclosure and sought a decree directing the trustees to apply the rents first to payment of the water rents, then to payment of interest on the mortgage. *Held*, that he is entitled to the decree. *In re Industrial Cold Storage and Ice Co.*, 163 Fed. 390 (Dist. Ct., E. D. Pa.).

Under the National Bankruptcy Act a trustee must pay all taxes owing by the bankrupt, including those which have accrued since the filing of the petition. *In re Sims*, 118 Fed. 356. There is a conflict of authority, however, as to whether rents charged by a city for the use of water are taxes within the meaning of the act. *Springfield, etc., Ins. Co.* v. *Keeseville*, 148 N. Y. 46; *Jones* v. *Water Com'rs*, 34 Mich. 273. They are not subject to the constitutional requirement as to uniformity. *Wagner* v. *Rock Island*, 146 Ill. 139. And when charged for water actually used they are valid, although established without notice to the person paying them. *Silkman* v. *Water Com'rs*, 152 N. Y. 327. But taxes are invalid unless there is a provision for a hearing. *Re Trustees Union College*, 129 N. Y. 308. Water rents are not a lien on the property. *Chicago* v. *Northwestern, etc., Ins. Co.*, 218 Ill. 40. And when made so by statute are really liens for an indebtedness. See *Jones* v. *Water Com'rs*, *supra*.